

AB 2209 – Unemployment Compensation Benefits: Illegal Trade Disputes

Assemblymember Fran Pavley

IN BRIEF

Prohibits an agreement between an employer and an employee that forbids the employee or the employee's representatives from filing a claim for unemployment compensation benefits. The bill would impose a penalty on employers if they are found by the appeals board or a court to have engaged in any fraud, misrepresentation, or misconduct arising out of the employer's actions during a lockout.

THE ISSUE

In 2003, Ralphs supermarket chain locked-out over 65,000 employees for 4 ½ months because of a contract dispute with Southern California workers. This was the longest and largest labor dispute involving a grocery union in U.S. history. As a condition of ending the strike, Ralph's Grocery Co. insisted that the settlement agreement specifically prohibit employee representatives from assisting employees in their unemployment insurance claims.

In 2005, the Department of Justice indicted Ralph's because they engaged in a "company-wide course of criminal conduct involving the hiring of locked-out employees under false names, social security numbers and documentation."

EXISTING LAW

Existing law denies unemployment compensation benefits to an individual who is unemployed because of a trade dispute with the individual's employer.

THE SOLUTION

AB 2209 will help ensure that employers don't engage in illegal activities that led to the Southern California strikes of 2003 which affected 65,000 employees and lasted over 4 months – the longest and largest labor dispute in grocery union history.

BACKGROUND

Associated Press excerpt, 12-15-05: "The Ralphs supermarket chain was indicted Thursday on federal charges of hiring hundreds of workers under fake names during a 2003 grocery strike in Southern California and concealing the crimes from federal investigators.

The chain issued thousands of paychecks to falsely identified employees and allowed the workers to cash the checks at its stores, the indictment alleged.

In hopes of hiding the practice from the workers' union, the company allegedly sent the locked-out employees to staff markets far from the outlets at which they regularly worked, the indictment charged. Some workers falsified job history and wore name tags bearing their bogus names, prosecutors said.

In all, nearly 1,000 union clerks and butchers were hired during the lockout at about 90 percent of the company's approximately 300 stores, according to government estimates. Not only did that soften the blow of the union's labor protest, it prolonged what became the longest grocery strike in the country's history, prosecutors said."

SUPPORT

United Food and Commercial Workers, Western States Council, CA Teamsters Public Affairs Council, CA Labor Federation, CA Professional Firefighters, CA Nurses Assoc., AFSCME, CA Conference Board of the Amalgamated Transit Union, Engineers and Scientists of CA, UNITE HERE!, CA Conference of Machinists, Professional & Technical Engineers, Local 21, Strategic Committee of Public Employees, Laborers' International Union of North America, CA School Employees Assoc.

FOR MORE INFORMATION

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